

## Unaudited Interim Period Condensed Consolidated Financial Statements

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## Condensed Consolidated Statements of Earnings

(unaudited) (millions of Canadian dollars except where otherwise indicated)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018 <sup>(i)</sup>	Jun. 15, 2019	Jun. 16, 2018 <sup>(i)</sup>
<b>Revenue</b>	\$ 11,603	\$ 11,245	\$ 22,776	\$ 21,989
<b>Operating Expenses</b>				
Cost of inventories sold (note 10)	7,873	7,675	15,491	15,094
Selling, general and administrative expenses	2,960	2,981	5,929	5,804
	10,833	10,656	21,420	20,898
<b>Operating Income</b>	770	589	1,356	1,091
Net Interest Expense and Other Financing Charges (note 5)	308	385	1,180	403
<b>Earnings Before Income Taxes</b>	462	204	176	688
Income Tax (note 6)	109	126	195	232
<b>Net Earnings (Loss)</b>	353	78	(19)	456
Attributable to:				
Shareholders of the Company (note 7)	194	38	(284)	228
Non-Controlling Interests	159	40	265	228
<b>Net Earnings (Loss)</b>	\$ 353	\$ 78	\$ (19)	\$ 456
<b>Net Earnings (Loss) per Common Share (\$)</b> (note 7)				
Basic	\$ 1.20	\$ 0.22	\$ (1.98)	\$ 1.63
Diluted	\$ 1.19	\$ 0.21	\$ (1.99)	\$ 1.61

(i) Certain comparative figures have been restated to conform with current year presentation.

See accompanying notes to the unaudited interim period condensed consolidated financial statements.

## Condensed Consolidated Statements of Comprehensive Income

(unaudited) (millions of Canadian dollars)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018	Jun. 15, 2019	Jun. 16, 2018
<b>Net earnings (loss)</b>	\$ 353	\$ 78	\$ (19)	\$ 456
<b>Other comprehensive income (loss)</b>				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustment (note 20)	(2)	28	(18)	50
Unrealized (losses) gains on cash flow hedges (note 20)	(3)	1	(15)	1
Items that will not be reclassified to profit or loss:				
Net defined benefit plan actuarial gains (losses) (note 18)	19	32	(56)	13
<b>Other comprehensive income (loss), net of taxes</b>	14	61	(89)	64
<b>Comprehensive Income (Loss)</b>	367	139	(108)	520
Attributable to:				
Shareholders of the Company	201	81	(341)	284
Non-Controlling Interests	166	58	233	236
<b>Comprehensive Income (Loss)</b>	\$ 367	\$ 139	\$ (108)	\$ 520

See accompanying notes to the unaudited interim period condensed consolidated financial statements.

## Condensed Consolidated Balance Sheets

(unaudited) (millions of Canadian dollars)	As at		
	Jun. 15, 2019	Jun. 16, 2018	Dec. 31, 2018
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents (note 8)	\$ 1,913	\$ 1,487	\$ 1,521
Short term investments (note 8)	223	839	281
Accounts receivable	1,141	1,203	1,309
Credit card receivables (note 9)	3,315	3,029	3,329
Inventories (note 10)	4,792	4,558	5,001
Income taxes recoverable	—	45	—
Prepaid expenses and other assets	321	350	370
Assets held for sale (note 11)	91	68	44
<b>Total Current Assets</b>	<b>11,796</b>	<b>11,579</b>	<b>11,855</b>
Fixed Assets	11,559	11,632	12,101
Right-of-Use Assets (note 2)	4,016	—	—
Investment Properties	4,815	4,998	4,847
Equity Accounted Joint Ventures	793	717	734
Intangible Assets	7,688	8,204	7,958
Goodwill	4,778	4,773	4,781
Deferred Income Taxes	306	259	286
Security Deposits (note 8)	78	84	87
Franchise Loans Receivable	49	119	78
Other Assets (note 12)	1,096	1,116	1,087
<b>Total Assets</b>	<b>\$ 46,974</b>	<b>\$ 43,481</b>	<b>\$ 43,814</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Bank indebtedness	\$ 89	\$ 248	\$ 56
Trade payables and other liabilities	5,241	5,203	5,762
Loyalty liability	232	279	228
Provisions	163	242	205
Income taxes payable	86	—	171
Short term debt (note 13)	1,479	1,230	1,579
Long term debt due within one year (note 14)	1,064	2,623	1,343
Lease liabilities due within one year (note 2)	728	—	—
Associate interest	247	235	260
<b>Total Current Liabilities</b>	<b>9,329</b>	<b>10,060</b>	<b>9,604</b>
Provisions	98	172	167
Long Term Debt (note 14)	13,752	12,918	13,975
Lease Liabilities (note 2)	4,220	—	—
Trust Unit Liability (note 20)	3,607	2,790	2,658
Deferred Income Taxes	2,346	2,612	2,515
Other Liabilities (note 15)	561	728	691
<b>Total Liabilities</b>	<b>33,913</b>	<b>29,280</b>	<b>29,610</b>
<b>EQUITY</b>			
Share Capital (note 16)	3,600	1,047	3,583
Retained Earnings	4,414	7,253	5,017
Contributed Surplus (notes 17 & 19)	(836)	(648)	(799)
Accumulated Other Comprehensive Income	209	190	239
<b>Total Equity Attributable to Shareholders of the Company</b>	<b>7,387</b>	<b>7,842</b>	<b>8,040</b>
Non-Controlling Interests	5,674	6,359	6,164
<b>Total Equity</b>	<b>13,061</b>	<b>14,201</b>	<b>14,204</b>
<b>Total Liabilities and Equity</b>	<b>\$ 46,974</b>	<b>\$ 43,481</b>	<b>\$ 43,814</b>

Contingent liabilities (note 21).

See accompanying notes to the unaudited interim period condensed consolidated financial statements.

## Condensed Consolidated Statements of Changes in Equity

(unaudited) (millions of Canadian dollars except where otherwise indicated)	Common Shares	Preferred Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Adjustment to Fair Value on Transfer of Investment Properties	Accumulated Other Comprehensive Income	Non- Controlling Interests	Total Equity
<b>Balance as at Dec. 31, 2018</b>	\$ 2,766	\$ 817	\$ 3,583	\$ 5,017	\$ (799)	\$ 224	\$ 7	\$ 8	\$ 239	\$ 6,164	\$ 14,204
Impact of adopting IFRS 16 (note 2)	—	—	—	(115)	—	—	—	—	—	(394)	(509)
<b>Restated balance as at Jan. 1, 2019</b>	\$ 2,766	\$ 817	\$ 3,583	\$ 4,902	\$ (799)	\$ 224	\$ 7	\$ 8	\$ 239	\$ 5,770	\$ 13,695
Net (loss) earnings	—	—	—	(284)	—	—	—	—	—	265	(19)
Other comprehensive loss <sup>(i)</sup>	—	—	—	(27)	—	(18)	(12)	—	(30)	(32)	(89)
Comprehensive (loss) income	\$ —	\$ —	\$ —	\$ (311)	\$ —	\$ (18)	\$ (12)	\$ —	\$ (30)	\$ 233	\$ (108)
Effect of share-based compensation (notes 16 & 19)	16	—	16	—	(15)	—	—	—	—	(8)	(7)
Net effect of shares held in trusts (notes 16 & 19)	1	—	1	4	—	—	—	—	—	—	5
Loblaw capital transactions and dividends (notes 17 & 19)	—	—	—	—	(22)	—	—	—	—	(321)	(343)
Dividends declared											
Per common share (\$)											
– \$1.040	—	—	—	(159)	—	—	—	—	—	—	(159)
Per preferred share (\$)											
– Series I – \$0.7250	—	—	—	(7)	—	—	—	—	—	—	(7)
– Series III – \$0.6500	—	—	—	(5)	—	—	—	—	—	—	(5)
– Series IV – \$0.6500	—	—	—	(5)	—	—	—	—	—	—	(5)
– Series V – \$0.593750	—	—	—	(5)	—	—	—	—	—	—	(5)
	\$ 17	\$ —	\$ 17	\$ (177)	\$ (37)	\$ —	\$ —	\$ —	\$ —	\$ (329)	\$ (526)
<b>Balance as at Jun. 15, 2019</b>	\$ 2,783	\$ 817	\$ 3,600	\$ 4,414	\$ (836)	\$ 206	\$ (5)	\$ 8	\$ 209	\$ 5,674	\$ 13,061

(unaudited) (millions of Canadian dollars except where otherwise indicated)	Common Shares	Preferred Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Accumulated Other Comprehensive Income	Non- Controlling Interests	Total Equity
<b>Balance as at Dec. 31, 2017</b>	\$ 221	\$ 817	\$ 1,038	\$ 7,188	\$ (432)	\$ 139	\$ 1	\$ 140	\$ 6,861	\$ 14,795
Impact of adopting IFRS 9	—	—	—	(36)	—	—	—	—	(36)	(72)
<b>Restated balance as at Jan. 1, 2018</b>	\$ 221	\$ 817	\$ 1,038	\$ 7,152	\$ (432)	\$ 139	\$ 1	\$ 140	\$ 6,825	\$ 14,723
Net earnings	—	—	—	228	—	—	—	—	228	456
Other comprehensive income <sup>(i)</sup>	—	—	—	6	—	50	—	50	8	64
Comprehensive income	\$ —	\$ —	\$ —	\$ 234	\$ —	\$ 50	\$ —	\$ 50	\$ 236	\$ 520
Effect of share-based compensation (notes 16 & 19)	9	—	9	—	(16)	—	—	—	(7)	(14)
Net effect of shares held in trusts (notes 16 & 19)	—	—	—	9	—	—	—	—	—	9
Loblaw capital transactions and dividends <sup>(ii)</sup> (notes 17 & 19)	—	—	—	—	(200)	—	—	—	(695)	(895)
Dividends declared										
Per common share (\$)										
– \$0.945	—	—	—	(120)	—	—	—	—	—	(120)
Per preferred share (\$)										
– Series I – \$0.7250	—	—	—	(7)	—	—	—	—	—	(7)
– Series III – \$0.6500	—	—	—	(5)	—	—	—	—	—	(5)
– Series IV – \$0.6500	—	—	—	(5)	—	—	—	—	—	(5)
– Series V – \$0.593750	—	—	—	(5)	—	—	—	—	—	(5)
	\$ 9	\$ —	\$ 9	\$ (133)	\$ (216)	\$ —	\$ —	\$ —	\$ (702)	\$ (1,042)
<b>Balance as at Jun. 16, 2018</b>	\$ 230	\$ 817	\$ 1,047	\$ 7,253	\$ (648)	\$ 189	\$ 1	\$ 190	\$ 6,359	\$ 14,201

(i) Other comprehensive (loss) income includes actuarial losses of \$56 million (2018 – gains of \$13 million), \$27 million (2018 – gains of \$6 million) of which is presented above in retained earnings and \$29 million (2018 – gains of \$7 million) in non-controlling interests. Also included in non-controlling interests is an unrealized loss on cash flow hedges of \$3 million (2018 – gain of \$1 million).

(ii) Loblaw capital transactions includes capital gains income tax expense of approximately \$4 million in contributed surplus and \$4 million in non-controlling interest recorded in connection with the acquisition of CREIT (note 4) in the second quarter of 2018.

See accompanying notes to the unaudited interim period condensed consolidated financial statements.

## Condensed Consolidated Statements of Cash Flows

(unaudited) (millions of Canadian dollars)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018 <sup>(i)</sup>	Jun. 15, 2019	Jun. 16, 2018
<b>Operating Activities</b>				
Net earnings (loss)	\$ 353	\$ 78	\$ (19)	\$ 456
Add (deduct):				
Net interest expense and other financing charges (note 5)	308	385	1,180	403
Income taxes (note 6)	109	126	195	232
Depreciation and amortization	534	400	1,069	800
Asset impairments, net of recoveries	1	1	3	2
Adjustment to fair value of investment properties	—	10	16	10
Foreign currency translation (gain) loss (note 20)	—	(9)	1	(23)
Change in provisions	(26)	(86)	(35)	(103)
	\$ 1,279	\$ 905	\$ 2,410	\$ 1,777
Change in credit card receivables (note 9)	(268)	(226)	14	(27)
Change in non-cash working capital	242	145	113	(333)
Income taxes paid	(124)	(194)	(316)	(351)
Interest received	8	9	16	18
Interest received from finance leases (note 2)	1	—	2	—
Other	(15)	(38)	(9)	(25)
<b>Cash Flows from Operating Activities</b>	\$ 1,123	\$ 601	\$ 2,230	\$ 1,059
<b>Investing Activities</b>				
Fixed asset and investment properties purchases	\$ (213)	\$ (210)	\$ (357)	\$ (368)
Intangible asset additions	(84)	(74)	(176)	(160)
Acquisition of CREIT, net of cash acquired (note 4)	—	(1,624)	—	(1,624)
Cash assumed on initial consolidation of franchises (note 4)	2	1	9	9
Proceeds from disposal of assets	15	17	39	17
Lease payments received from finance leases (note 2)	1	—	4	—
Change in short term investments	122	109	55	293
Change in security deposits (note 8)	12	1,295	7	—
Other	(59)	(46)	(108)	(70)
<b>Cash Flows used in Investing Activities</b>	\$ (204)	\$ (532)	\$ (527)	\$ (1,903)
<b>Financing Activities</b>				
Change in bank indebtedness	\$ (41)	\$ (22)	\$ 33	\$ 138
Change in short term debt (note 13)	187	161	(100)	(28)
Interest paid	(190)	(104)	(456)	(283)
Long term debt – Issued (note 14)	737	888	872	2,905
– Retired (note 14)	(794)	(624)	(842)	(1,314)
Cash rent paid on lease liabilities – Interest (note 2)	(49)	—	(99)	—
Cash rent paid on lease liabilities – Principal (note 2)	(158)	—	(298)	—
Share capital – Issued (notes 16 & 19)	4	4	14	8
– Purchased and held in trusts (note 16)	—	—	(5)	—
Loblaw common share capital				
– Issued (notes 17 & 19)	26	4	55	38
– Purchased and held in trusts (note 17)	—	—	(20)	—
– Purchased and cancelled (note 17)	(250)	(300)	(465)	(844)
Choice Properties units – Issued (note 3)	345	—	345	—
– Issuance costs	(14)	—	(14)	—
Dividends – To common shareholders	(79)	(58)	(158)	(116)
– To preferred shareholders	(11)	(11)	(22)	(22)
– To minority shareholders	(53)	(55)	(111)	(112)
Other	(15)	(42)	(40)	(76)
<b>Cash Flows (used in) from Financing Activities</b>	\$ (355)	\$ (159)	\$ (1,311)	\$ 294
Effect of foreign currency exchange rate changes on cash and cash equivalents	—	2	—	3
Change in Cash and Cash Equivalents	\$ 564	\$ (88)	\$ 392	\$ (547)
Cash and Cash Equivalents, Beginning of Period	1,349	1,575	1,521	2,034
<b>Cash and Cash Equivalents, End of Period</b>	\$ 1,913	\$ 1,487	\$ 1,913	\$ 1,487

(i) Certain comparative figures have been restated to conform with current year presentation.  
See accompanying notes to the unaudited interim period condensed consolidated financial statements.

## Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

### Note 1. Nature and Description of the Reporting Entity

George Weston Limited (“GWL” or the “Company”) is a Canadian public company incorporated in 1928, with its registered office located at 22 St. Clair Avenue East, Toronto, Canada M4T 2S7. The Company’s parent is Wittington Investments, Limited.

On November 1, 2018, the Company and Loblaw Companies Limited (“Loblaw”) completed a reorganization under which Loblaw spun out its approximate 61.6% effective interest in Choice Properties Real Estate Investment Trust (“Choice Properties”) to the Company (the “reorganization”). In connection with the reorganization, the Company issued approximately 26.6 million common shares to Loblaw shareholders other than the Company and its subsidiaries (“Loblaw minority shareholders”). Following the reorganization, the Company owned an approximate 65.4% effective interest in Choice Properties directly (which includes the approximate 3.8% interest in Choice Properties directly owned by GWL prior to the reorganization) and Choice Properties became a reportable operating segment of the Company. During the second quarter of 2019, Choice Properties completed an equity offering. Upon closing, the Company’s ownership interest in Choice Properties was approximately 63.0%.

The Company operates through its three reportable operating segments, Weston Foods, Loblaw, and Choice Properties. Other and Intersegment includes eliminations, intersegment adjustments related to the consolidation of Choice Properties and cash and short term investments held by the Company. Effective in the first quarter of 2019, all other company level activities that are not allocated to the reportable operating segments, such as interest expense, corporate activities and administrative costs are included in Other and Intersegment. Weston Foods and Other and Intersegment comparative figures have been restated to conform to the current year presentation.

The Weston Foods operating segment includes a leading North American bakery that offers packaged bread and rolls in Canada as well as frozen and artisan bread and rolls, cakes, donuts, pies, biscuits and alternatives throughout Canada and the U.S.

Loblaw has two reportable operating segments, Retail and Financial Services. Loblaw provides Canadians with grocery, pharmacy, health and beauty, apparel, general merchandise, financial services and wireless mobile products and services.

Choice Properties owns, manages and develops a high quality portfolio of commercial retail, industrial, office and residential properties across Canada.

Quarterly net earnings are affected by foreign currency exchange rates, seasonality and the timing of holidays. Weston Foods seasonality is greatest in the third and fourth quarters and least in the first quarter. Loblaw seasonality is greatest in the fourth quarter and least in the first quarter.

### Note 2. Significant Accounting Policies and Critical Accounting Estimates and Judgments

The significant accounting policies and critical accounting estimates and judgments as disclosed in the Company’s 2018 audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited interim period condensed consolidated financial statements, with the exception of the accounting standard implemented in 2019. Changes to significant accounting policies are described below.

These unaudited interim period condensed consolidated financial statements are presented in Canadian dollars.

**Statement of Compliance** These unaudited interim period condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS” or “GAAP”) and International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”). These unaudited interim period condensed consolidated financial statements should be read in conjunction with the Company’s 2018 audited annual consolidated financial statements and accompanying notes.

These unaudited interim period condensed consolidated financial statements were approved for issuance by the Company's Board of Directors on July 25, 2019.

### **Accounting Standard Implemented in 2019**

**IFRS 16** In 2016, the International Accounting Standards Board issued IFRS 16, "Leases" ("IFRS 16"), replacing IAS 17, "Leases" ("IAS 17") and related interpretations. The standard introduces a single, on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. Lessees recognize a right-of-use asset representing its control of and right to use the underlying asset and a lease liability representing its obligation to make future lease payments. Lessor accounting remains similar to IAS 17.

IFRS 16 became effective for annual periods beginning on or after January 1, 2019. For leases where the Company is the lessee, it had the option of adopting a fully retrospective approach or a modified retrospective approach on transition to IFRS 16. The Company adopted the standard on January 1, 2019 using the modified retrospective approach. The Company applied the requirements of the standard retrospectively with the cumulative effects of initial application recorded in opening retained earnings as at January 1, 2019, and no restatement of the comparative period. Under the modified retrospective approach, the Company chose to measure all right-of-use assets retrospectively as if the standard had been applied since lease commencement dates.

Substantially all of the Company's operating leases are real estate leases for retail stores, production plants, distribution centers and corporate offices. Other leased assets include passenger vehicles, trucks and equipment. The Company recognized right-of-use assets and lease liabilities for its operating leases except for certain low-value leases and classes of underlying assets in which the lease terms are 12 months or less. The depreciation expense on right-of-use assets and interest expense on lease liabilities replaced rent expense, which was previously recognized on a straight-line basis under IAS 17 over the term of a lease. There are no significant impacts to the Company's existing finance leases under IAS 17 as a lessee.

The Company also has owned and leased properties which are leased and subleased to third parties, respectively. The subleases are mainly related to non-consolidated franchisees and ancillary tenants. As an intermediate lessor, the Company reassessed the classification of its subleases by reference to the right-of-use assets arising from the head lease and recognized a corresponding finance lease receivable when the reassessment concluded that the subleases were finance leases.

IFRS 16 permits the use of recognition exemptions and practical expedients. The Company applied the following recognition exemptions and practical expedients:

- grandfathered the definition of leases for existing contracts at the date of initial application;
- excluded certain low-value and short term leases from IFRS 16 lease accounting;
- used portfolio application for leases with similar characteristics, such as vehicle and equipment leases;
- applied a single discount rate to a portfolio of leases with reasonably similar characteristics at the date of initial application;
- excluded initial direct costs from the measurement of right-of-use assets at the date of initial application; and
- used hindsight in determining lease term at the date of initial application.

The Company did not exercise the practical expedient wherein a lessee may rely on its assessment of whether leases are onerous applying IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" immediately before the date of initial application as an alternative to performing an impairment review. On the date of initial application, the Company applied the requirements of IAS 36, "Impairment of Assets" and recorded an impairment of \$62 million on right-of-use assets in opening retained earnings, which represents an incremental \$16 million to the previous onerous lease provision.

## Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

The impact of adopting IFRS 16 on the Company's balance sheet as at January 1, 2019 was as follows:

### Condensed Consolidated Balance Sheet

Increase (Decrease) (\$ millions)	As at Jan. 1, 2019
Current Assets	
Prepaid expenses and other assets	\$ (62)
<b>Total Current Assets</b>	<b>\$ (62)</b>
Fixed Assets <sup>(i)</sup>	(435)
Right-of-Use Assets <sup>(i)</sup>	4,114
Intangible Assets	(82)
Deferred Income Taxes	32
Other Assets	85
<b>Total Assets</b>	<b>\$ 3,652</b>
Current Liabilities	
Trade payables and other liabilities	\$ (11)
Provisions	(4)
Long term debt due within one year <sup>(i)</sup>	(37)
Lease liabilities due within one year <sup>(i)(ii)</sup>	736
<b>Total Current Liabilities</b>	<b>\$ 684</b>
Provisions	(76)
Long Term Debt <sup>(i)</sup>	(498)
Lease Liabilities <sup>(i)(ii)</sup>	4,350
Deferred Income Taxes	(89)
Other Liabilities	(210)
Non-Controlling Interests	(394)
Retained Earnings	(115)
<b>Total Liabilities and Equity</b>	<b>\$ 3,652</b>

- (i) Leases previously classified as finance lease arrangements under IAS 17 were presented within fixed assets, long term debt due within one year and long term debt. Effective January 1, 2019, these balances are included in right-of-use assets and lease liabilities.
- (ii) Leases that are low-value, short term or where the lease payments are variable and do not depend on an index or rate are not included in the calculation of lease liabilities. These lease expenses are recognized in SG&A on the most systematic basis.

The Company used its incremental borrowing rates as at January 1, 2019 to measure lease liabilities. The weighted average incremental borrowing rate is 4.39%. The weighted average lease term remaining as at January 1, 2019 is approximately 10 years.

The following reconciliation is between lease liabilities recognized on January 1, 2019 and operating lease commitments disclosed under IAS 17 as at December 31, 2018 discounted using the weighted average incremental borrowing rate as at the date of initial application:

(\$ millions)	As at Jan. 1, 2019
Operating lease commitment as at December 31, 2018 as disclosed in the Company's notes to the consolidated financial statements	\$ 4,826
Discounted using the weighted average incremental borrowing rate as at January 1, 2019	\$ 3,932
Finance lease obligations recognized as at December 31, 2018	535
Extension and termination options reasonably certain to be exercised	619
<b>Lease liabilities recognized as at January 1, 2019</b>	<b>\$ 5,086</b>
Lease liabilities due within one year	\$ 736
Lease liabilities	4,350
<b>Total lease liabilities</b>	<b>\$ 5,086</b>

In 2019, the year-to-date movement in right-of-use assets and lease liabilities was as follows:

### Right-Of-Use Assets

The following is the continuity of the cost and accumulated depreciation of right-of-use assets as at and for the period ended June 15, 2019:

(\$ millions)	24 Weeks Ended		
	Property	Other	Jun. 15, 2019 Total
<b>Cost</b>			
Balance, beginning of period	\$ 4,046	\$ 68	\$ 4,114
Lease additions	65	2	67
Lease extensions and others	97	—	97
<b>Balance, end of period</b>	<b>\$ 4,208</b>	<b>\$ 70</b>	<b>\$ 4,278</b>
<b>Accumulated depreciation</b>			
Balance, beginning of period	\$ —	\$ —	\$ —
Depreciation	250	12	262
<b>Balance, end of period</b>	<b>\$ 250</b>	<b>\$ 12</b>	<b>\$ 262</b>
<b>Carrying amount as at June 15, 2019</b>	<b>\$ 3,958</b>	<b>\$ 58</b>	<b>\$ 4,016</b>

## Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

### Lease Liabilities

The following is the continuity of lease liabilities as at and for the period ended June 15, 2019:

(\$ millions)	24 Weeks Ended	
	Jun. 15, 2019	
<b>Balance, beginning of period</b>	<b>\$</b>	<b>5,086</b>
Lease additions		67
Lease extensions and others		93
Lease payments		(397)
Interest expense on lease liabilities		99
<b>Balance, end of period</b>	<b>\$</b>	<b>4,948</b>
Lease liabilities due within one year		728
Lease liabilities		4,220
<b>Total lease liabilities</b>	<b>\$</b>	<b>4,948</b>

### Changes to Significant Accounting Policies for Leases

The Company did not restate prior year comparative information under the modified retrospective approach. Therefore, the comparative information continues to be reported under IAS 17 and related interpretations.

#### ***Policy applicable from January 1, 2019***

**As a Lessee** The Company recognizes a right-of-use asset and a lease liability based on the present value of future lease payments when the lessor makes the leased asset available for use by the Company. Lease payments for assets that are exempt through the short term or low-value exemptions and variable payments not based on an index or rate are recognized in selling, general and administrative expenses (“SG&A”) on the most systematic basis.

The measurement of lease liabilities includes the fixed and in-substance fixed payments and variable lease payments that depend on an index or a rate, and less any lease incentives receivable. If applicable, lease liabilities will also include a purchase option exercise price if the Company is reasonably certain to exercise that option, termination penalties if the lease term also reflects the termination option and amounts expected to be payable under a residual value guarantee. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest method. Lease liabilities are remeasured when there is a change in lease term, a change in the assessment of an option to purchase the leased asset, a change in expected residual value guarantee, or a change in future lease payments due to a change in index or rate tied to the payment.

The right-of-use assets are measured at the initial amount of the lease liabilities plus any initial direct costs, lease payments made at or before the commencement date net of lease incentives received, and decommissioning costs. Subsequent to initial measurement, the Company applies the cost model to the right-of-use assets with the exception of the fair value model application to right-of-use assets that meet the definition of investment property in IAS 40, “Investment Property”. Right-of-use assets are measured at cost less accumulated depreciation, accumulated impairment losses governed by IAS 36, “Impairment of Assets”, and any remeasurements of lease liabilities. The assets are depreciated on a straight-line basis over the earlier of the end of the assets’ useful lives or the end of the lease term.

Discount rates used in the present value calculation are the interest rates implicit in the leases, or if the rates cannot be readily determined, the Company's incremental borrowing rates. Lease terms applied are the contractual non-cancellable periods of the leases plus periods covered by an option to renew the leases if the Company is reasonably certain to exercise that option and the periods covered by an option to terminate the leases if the Company is reasonably certain not to exercise that option.

When a contract contains both lease and non-lease components, the Company will allocate the consideration in the contract to each of the components on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Relative stand-alone prices are determined by maximizing the most observable supplier prices for a similar asset and/or service.

For sale and leaseback transactions, the Company applies the requirements of IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15") to determine whether the transfer of the asset should be accounted for as a sale. If the transfer of the asset is a sale, the Company will measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Company.

**As a Lessor** Significant accounting policies for the Company as a lessor remain substantially the same. As a lessor, the allocation of revenue to each component of the contract is accounted for under IFRS 15.

At the date the Company makes the underlying leased asset available for use to the lessee, the Company classifies each lease as either an operating lease or a finance lease. A lease is a finance lease if it transfers substantially all the risks and rewards of the underlying asset to the lessee; otherwise, the lease is an operating lease. Rental income from operating leases is recognized on a straight-line basis over the lease term. Rental income from finance leases is recognized on a systematic basis that reflects the Company's rate of return on the net investment in the leased asset.

When the Company is an intermediate lessor, it will assess the sublease classification by reference to the right-of-use asset.

#### **Critical Accounting Estimates and Judgments for Leases**

**Judgments Made in Relation to Accounting Policies Applied** Management exercises judgment in determining the appropriate lease term on a lease by lease basis. Management considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option including investments in major leaseholds, store performances and past business practice. The periods covered by renewal options are only included in the lease term if management is reasonably certain to renew. Management considers reasonably certain to be a high threshold. Changes in the economic environment or changes in the retail industry may impact management's assessment of lease term, and any changes in management's estimate of lease terms may have a material impact on the Company's balance sheet and statement of earnings.

**Key Sources of Estimation** In determining the carrying amount of right-of-use assets and lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate of each leased asset or portfolio of leased assets by incorporating the Company's creditworthiness, the security, term and value of the underlying leased asset, and the economic environment in which the leased asset operates in. The incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment.

## Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

### Note 3. Subsidiaries

The table below summarizes the Company's principal subsidiaries. The proportion of ownership interests held equals the voting rights held by the Company.

	Jun. 15, 2019		As at Jun. 16, 2018		Dec. 31, 2018		
	Number of shares / units held	Ownership interest	Number of shares / units held	Ownership interest	Number of shares / units held	Ownership interest	
<b>Loblaw</b>	Common shares <sup>(i)</sup>	<b>187,815,136</b>	<b>51.3%</b>	187,815,136	50.1%	187,815,136	50.4%
	Class B LP Units <sup>(ii)</sup>	389,961,783	n/a	389,961,783	n/a	389,961,783	n/a
	Trust Units <sup>(iii)</sup>	50,661,415	n/a	46,856,415	n/a	46,856,415	n/a
<b>Choice Properties</b>		<b>440,623,198</b>	<b>63.0%</b>	436,818,198	65.5%	436,818,198	65.4%

(i) Includes 9.6 million Loblaw common shares pledged under the equity forward sale agreement (note 20).

(ii) Class B LP Units ("Exchangeable Units") are economically equivalent to Trust Units, receive distributions equal to the distributions paid on Trust Units and are exchangeable, at the holder's option, into Trust Units. As at June 15, 2019 and December 31, 2018, all Exchangeable Units were held by GWL (June 16, 2018 – all Exchangeable Units were held by Loblaw).

(iii) Reflects Trust Units held directly by GWL at June 15, 2019 and December 31, 2018 of 50,661,415 and 46,856,415 units, respectively. As at June 16, 2018, GWL and Loblaw held 25,356,415 units and 21,500,000 units, respectively.

In the second quarter of 2019, Choice Properties completed a bought deal equity offering of 30,042,250 trust units (the "Units") at a price of \$13.15 per Unit, for aggregate gross proceeds of approximately \$395 million, and net proceeds of approximately \$381 million (the "Offering"). The Offering consisted of 26,237,250 Units sold on a bought deal basis to a syndicate of underwriters and 3,805,000 Units purchased by the Company for approximately \$50 million. Upon closing of the Offering, the Company held a 63.0% effective interest in Choice Properties. Choice Properties incurred issuance costs of \$14 million recorded in net interest expense and other financing charges (note 5).

#### Note 4. Business Acquisitions

**Consolidation of Franchises** Loblaw accounts for the consolidation of existing franchises as business acquisitions and consolidates its franchises as of the date the franchisee enters into a new, simplified franchise agreement with Loblaw. The assets acquired and liabilities assumed through the consolidation were valued at the acquisition date using fair values, which approximate the franchise carrying values at the date of acquisition. The results of operations of the acquired franchises were included in Loblaw's results of operations from the date of acquisition.

The following table summarizes the amounts recognized for the assets acquired, the liabilities assumed and the non-controlling interests recognized at the acquisition dates:

(\$ millions)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018	Jun. 15, 2019	Jun. 16, 2018
<b>Net assets acquired:</b>				
Cash and cash equivalents	\$ 2	\$ 1	\$ 9	\$ 9
Inventories	11	16	24	33
Fixed assets	15	15	27	41
Trade payables and other liabilities <sup>(i)</sup>	(13)	(8)	(24)	(16)
Other liabilities <sup>(i)</sup>	(15)	(21)	(30)	(60)
Non-controlling interests	—	(3)	(6)	(7)
<b>Total net assets acquired</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

(i) On consolidation, trade payables and other liabilities, and other liabilities eliminate against existing accounts receivable, franchise loans receivable and franchise investments held by Loblaw.

**Choice Properties' Acquisition of Canadian Real Estate Investment Trust** On May 4, 2018, Choice Properties acquired all the assets and assumed all the liabilities, including outstanding debt, of Canadian Real Estate Investment Trust ("CREIT") for total consideration of \$3,708 million. The consideration was comprised of \$1,652 million of cash and the issuance of 182,836,481 new Trust Units.

In the second quarter of 2019, the Company finalized the purchase price allocation, summarized below:

(\$ millions)	As at May 4, 2018
<b>Net Assets Acquired:</b>	
Cash and cash equivalents	\$ 32
Accounts receivable and other assets	50
Mortgages, loans and notes receivable	196
Equity accounted joint ventures	683
Investment properties	4,730
Intangible assets	30
Goodwill	366
Trade payables and other liabilities	(172)
Long term debt	(1,841)
Deferred income tax liabilities	(366)
<b>Total Net Assets Acquired</b>	<b>\$ 3,708</b>

## Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

### Note 5. Net Interest Expense and Other Financing Charges

The components of net interest expense and other financing charges were as follows:

(\$ millions)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018	Jun. 15, 2019	Jun. 16, 2018
Interest expense:				
Long term debt <sup>(i)</sup>	\$ 153	\$ 153	\$ 311	\$ 284
Lease liabilities (note 2)	49	—	99	—
Borrowings related to credit card receivables	10	9	17	18
Trust Unit distributions <sup>(ii)</sup>	46	32	89	40
Choice Properties issuance costs <sup>(ii)</sup>	14	—	14	—
Independent funding trusts	4	4	9	8
Post-employment and other long term employee benefits (note 18)	2	4	4	6
Bank indebtedness	3	3	4	4
Capitalized interest	(1)	(2)	(3)	(2)
	\$ 280	\$ 203	\$ 544	\$ 358
Interest income:				
Accretion income	\$ (1)	\$ (2)	\$ (2)	\$ (3)
Short term interest income	(7)	(12)	(17)	(20)
	\$ (8)	\$ (14)	\$ (19)	\$ (23)
Forward sale agreement <sup>(iii)</sup>	\$ 34	\$ 16	\$ 71	\$ (31)
Fair value adjustment of the Trust Unit liability (note 20)	\$ 2	\$ 180	\$ 584	\$ 99
Net interest expense and other financing charges	\$ 308	\$ 385	\$ 1,180	\$ 403

(i) Includes interest on debt assumed from the acquisition of CREIT.

(ii) Choice Properties issued 182,836,481 new Trust Units to Trust Unitholders other than the Company and Loblaw in connection with the acquisition of CREIT (note 4). In the second quarter of 2019, Choice Properties completed the Offering to sell 26,237,250 new Trust Units (note 3).

(iii) Included in the second quarter of 2019 and year-to-date is a non-cash charge of \$41 million (2018 – \$23 million) and \$84 million (2018 – a non-cash income of \$19 million), respectively, related to the fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares (note 20). The fair value adjustment of the forward sale agreement is non-cash and results from changes in the value of the underlying Loblaw common shares. At maturity, any cash paid under the forward sale agreement could be offset by the sale of the underlying Loblaw common shares. Also included in the second quarter of 2019 and year-to-date is forward accretion income of \$11 million (2018 – \$11 million) and \$23 million (2018 – \$21 million), respectively, and the forward fee of \$4 million (2018 – \$4 million) and \$10 million (2018 – \$9 million), respectively, associated with the forward sale agreement.

## Note 6. Income Taxes

In the second quarter of 2019, income tax expense was \$109 million (2018 – \$126 million) and the effective income tax rate was 23.6% (2018 – 61.8%). The decrease in the effective income tax rate was primarily attributable to a decrease in the non-deductible fair value adjustment of the Trust Unit liability, the remeasurement of certain deferred tax balances, and the impact of certain other non-deductible items.

On a year-to-date basis, income tax expense was \$195 million (2018 – \$232 million) and the effective tax rate was 110.8% (2018 – 33.7%). The increase in the effective income tax rate was primarily attributable to an increase in the non-deductible fair value adjustment of the Trust Unit liability, partially offset by the remeasurement of certain deferred tax balances, and the impact of certain other non-deductible items.

As a result of Choice Properties' equity offering of Trust Units in the quarter and the resulting dilution of the Company's interest in Choice Properties, the Company recorded income of \$15 million in the second quarter of 2019 and year-to-date on the remeasurement of its deferred income tax balances.

In the second quarter of 2019, the Government of Alberta substantively enacted a gradual decrease in the provincial statutory corporate income tax rate from 12% to 8% by 2022. The Company recorded income of \$10 million in the second quarter of 2019 and year-to-date related to the remeasurement of its deferred income tax balances.

## Note 7. Basic and Diluted Net Earnings (Loss) per Common Share

(\$ millions except where otherwise indicated)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018	Jun. 15, 2019	Jun. 16, 2018
Net earnings (loss) attributable to shareholders of the Company	\$ 194	\$ 38	\$ (284)	\$ 228
Prescribed dividends on preferred shares in share capital	(10)	(10)	(20)	(20)
Net earnings (loss) available to common shareholders of the Company	\$ 184	\$ 28	\$ (304)	\$ 208
Reduction in net earnings due to dilutive instruments at Loblaw	(1)	(1)	(2)	(2)
Net earnings (loss) available to common shareholders for diluted earnings per share	\$ 183	\$ 27	\$ (306)	\$ 206
Weighted average common shares outstanding (in millions) (note 16)	153.5	127.8	153.4	127.8
Dilutive effect of share-based compensation <sup>(i)</sup> (in millions)	0.2	0.4	0.2	0.4
Weighted average common shares outstanding <sup>(ii)</sup> (in millions)	153.7	128.2	153.6	128.2
Basic net earnings (loss) per common share (\$)	\$ 1.20	\$ 0.22	\$ (1.98)	\$ 1.63
Diluted net earnings (loss) per common share (\$)	\$ 1.19	\$ 0.21	\$ (1.99)	\$ 1.61

(i) In the second quarter of 2019 and year-to-date, 1,203,062 (2018 – 572,613) and 1,296,077 (2018 – 663,574) potentially dilutive instruments, respectively, were excluded from the computation of diluted net earnings (loss) per common share as they were anti-dilutive.

(ii) Includes impact of dilutive instruments for purposes of calculating diluted net earnings (loss) per common share.

## Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

### Note 8. Cash and Cash Equivalents, Short Term Investments and Security Deposits

The components of cash and cash equivalents, short term investments and security deposits were as follows:

#### Cash and Cash Equivalents

(\$ millions)	Jun. 15, 2019	As at	
		Jun. 16, 2018	Dec. 31, 2018
Cash	\$ 710	\$ 652	\$ 661
Cash equivalents:			
Bankers' acceptances	557	336	258
Government treasury bills	505	311	405
Corporate commercial paper	141	188	197
Cash and cash equivalents	\$ 1,913	\$ 1,487	\$ 1,521

#### Short Term Investments

(\$ millions)	Jun. 15, 2019	As at	
		Jun. 16, 2018	Dec. 31, 2018
Bankers' acceptances	\$ 52	\$ 279	\$ 85
Government treasury bills	164	284	143
Corporate commercial paper	7	276	52
Other	—	—	1
Short term investments	\$ 223	\$ 839	\$ 281

#### Security Deposits

(\$ millions)	Jun. 15, 2019	As at	
		Jun. 16, 2018	Dec. 31, 2018
Cash	\$ 46	\$ 50	\$ 48
Government treasury bills	32	32	39
Government agency securities	—	2	—
Security deposits	\$ 78	\$ 84	\$ 87

## Note 9. Credit Card Receivables

The components of credit card receivables were as follows:

(\$ millions)	Jun. 15, 2019	As at	
		Jun. 16, 2018	Dec. 31, 2018
Gross credit card receivables	\$ 3,490	\$ 3,182	\$ 3,496
Allowance on credit card receivables	(175)	(153)	(167)
Credit card receivables	\$ 3,315	\$ 3,029	\$ 3,329
Securitized to independent securitization trusts:			
Securitized to <i>Eagle Credit Card Trust</i> <sup>®</sup> (note 14)	\$ 750	\$ 900	\$ 750
Securitized to Other Independent Securitization Trusts (note 13)	790	590	915
Total securitized to independent securitization trusts	\$ 1,540	\$ 1,490	\$ 1,665

Loblaw, through President's Choice Bank ("PC Bank"), participates in various securitization programs that provide a source of funds for the operation of its credit card business. PC Bank maintains and monitors a co-ownership interest in credit card receivables with independent securitization trusts, including *Eagle Credit Card Trust*<sup>®</sup> ("*Eagle*") and Other Independent Securitization Trusts, in accordance with its financing requirements.

On a year-to-date basis in 2019, PC Bank recorded a \$125 million net decrease of co-ownership interest in the securitized receivables held with the Other Independent Securitization Trusts as a result of lower funding requirements.

Under its securitization programs, PC Bank is required to maintain, at all times, a credit card receivable pool balance equal to a minimum of 107% of the outstanding securitized liability. PC Bank was in compliance with this requirement as at the end of the second quarter of 2019 and throughout the first half of 2019.

Subsequent to the end of the second quarter of 2019, *Eagle* issued \$250 million of senior and subordinated term notes with a maturity date of July 17, 2024 at a weighted average interest rate of 2.28%.

## Note 10. Inventories

The components of inventories were as follows:

(\$ millions)	Jun. 15, 2019	As at	
		Jun. 16, 2018	Dec. 31, 2018
Raw materials and supplies	\$ 70	\$ 72	\$ 68
Finished goods	4,722	4,486	4,933
Inventories	\$ 4,792	\$ 4,558	\$ 5,001

As at the end of the second quarter of 2019, Loblaw recorded an inventory provision of \$31 million (June 16, 2018 – \$33 million; December 31, 2018 – \$37 million) for the write-down of inventories below cost to net realizable value. The write-down was included in cost of inventories sold. There were no reversals of previously recorded write-downs of inventories during the first half of 2019 and 2018.

## Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

### Note 11. Assets Held for Sale

Loblaw classifies certain assets, primarily land and buildings, that it intends to dispose of in the next 12 months, as assets held for sale. These assets were previously used in Loblaw's retail business segment. In the second quarter of 2019, Loblaw recorded a loss of \$2 million (2018 – nominal loss) from the sale of these assets. On a year-to-date basis, Loblaw recorded a net gain of \$6 million (2018 – nominal loss) from the sale of these assets. No impairment charges were recognized on these properties during the first half of 2019 (2018 – nominal).

### Note 12. Other Assets

The components of other assets were as follows:

(\$ millions)	Jun. 15, 2019	As at	
		Jun. 16, 2018	Dec. 31, 2018
Fair value of equity forward (note 20)	\$ 495	\$ 475	\$ 556
Sundry investments and other receivables	81	62	51
Net accrued benefit plan asset (note 18)	203	166	233
Finance lease receivable	65	—	—
Mortgages, loans and notes receivable	208	236	187
Other	176	246	159
Total other assets	\$ 1,228	\$ 1,185	\$ 1,186
Current portion of mortgages, loans and notes receivable <sup>(i)</sup>	132	69	99
Other assets	\$ 1,096	\$ 1,116	\$ 1,087

(i) Current portion of mortgages, loans and notes receivable are included in prepaid expenses and other assets in the condensed consolidated balance sheets.

### Note 13. Short Term Debt

The components of short term debt were as follows:

(\$ millions)	Jun. 15, 2019	As at	
		Jun. 16, 2018	Dec. 31, 2018
Other Independent Securitization Trusts (note 9)	\$ 790	\$ 590	\$ 915
Series B Debentures <sup>(i)</sup>	689	640	664
Short term debt	\$ 1,479	\$ 1,230	\$ 1,579

(i) Series B Debentures issued by GWL are due on demand and are secured by a pledge of 9.6 million Loblaw common shares.

**Other Independent Securitization Trusts** The outstanding short term debt balances relate to credit card receivables securitized to the Other Independent Securitization Trusts with recourse (note 9).

As at the end of the second quarter of 2019, the aggregate gross potential liability under letters of credit for the benefit of the Other Independent Securitization Trusts was \$71 million (June 16, 2018 – \$53 million; December 31, 2018 – \$89 million), which represented 9% (June 16, 2018 – 9%; December 31, 2018 – 10%) of the securitized credit card receivables amount.

## Note 14. Long Term Debt

The components of long term debt were as follows:

(\$ millions)	Jun. 15, 2019	As at	
		Jun. 16, 2018	Dec. 31, 2018
Debentures	\$ 10,677	\$ 10,036	\$ 9,918
Unsecured term loan facilities	400	1,098	800
Long term debt secured by mortgage	1,236	1,300	1,328
Construction loans	24	13	21
Guaranteed investment certificates	1,225	950	1,141
Independent securitization trust (note 9)	750	900	750
Independent funding trusts	526	549	536
Committed credit facilities	16	182	325
Finance lease obligations <sup>(i)</sup>	—	552	535
Transaction costs and other	(38)	(39)	(36)
<b>Total long term debt</b>	<b>\$ 14,816</b>	<b>\$ 15,541</b>	<b>\$ 15,318</b>
Long term debt due within one year	(1,064)	(2,623)	(1,343)
<b>Long term debt</b>	<b>\$ 13,752</b>	<b>\$ 12,918</b>	<b>\$ 13,975</b>

(i) As a result of the implementation of IFRS 16, finance lease obligations are included in lease liabilities (note 2).

The Company, Loblaw and Choice Properties are required to comply with certain financial covenants for various debt instruments. As at the end of the second quarter and throughout the first half of 2019, the Company, Loblaw and Choice Properties were in compliance with their respective covenants.

**Debentures and Medium Term Notes (“MTNs”)** The following table summarizes the debentures issued or assumed in the periods ended as indicated:

(\$ millions)	Interest Rate	Maturity Date	12 Weeks Ended		24 Weeks Ended	
			Jun. 15, 2019	Jun. 16, 2018	Jun. 15, 2019	Jun. 16, 2018
			Principal Amount	Principal Amount	Principal Amount	Principal Amount
Choice Properties senior unsecured debentures						
– Series I	3.01%	March 21, 2022	\$ —	\$ —	\$ —	\$ 300
– Series J	3.55%	January 10, 2025	—	—	—	350
– Series K	3.56%	September 9, 2024	—	—	—	550
– Series L	4.18%	March 8, 2028	—	—	—	750
– Series M	3.53%	June 11, 2029	750	—	750	—
– Series A-C	3.68%	July 24, 2018	—	125	—	125
– Series B-C	4.32%	January 15, 2021	—	100	—	100
– Series C-C	2.56%	November 30, 2019	—	100	—	100
– Series D-C	2.95%	January 18, 2023	—	125	—	125
<b>Total debentures issued</b>			<b>\$ 750</b>	<b>\$ 450</b>	<b>\$ 750</b>	<b>\$ 2,400</b>

## Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

The following table summarizes the debentures and MTNs repaid in the periods ended as indicated:

(\$ millions)	Interest Rate	Maturity Date	12 Weeks Ended		24 Weeks Ended	
			Jun. 15, 2019	Jun. 16, 2018	Jun. 15, 2019	Jun. 16, 2018
			Principal Amount	Principal Amount	Principal Amount	Principal Amount
Shoppers Drug Mart Corporation Notes	2.36%	May 24, 2018	\$ —	\$ 275	\$ —	\$ 275
Choice Properties senior unsecured debentures – Series A	3.55%	July 5, 2018	—	—	—	400
Total debentures and MTNs repaid			\$ —	\$ 275	\$ —	\$ 675

Subsequent to the end of the second quarter of 2019, Choice Properties repaid two series of senior unsecured debentures; \$200 million 3.00% Series 7 senior unsecured debentures with an original maturity date of September 20, 2019; and \$100 million 2.56% Series C-C senior unsecured debentures with an original maturity date of November 30, 2019.

**Unsecured Term Loan Facilities** In 2018, Choice Properties obtained \$800 million through two unsecured term loan facilities, one \$175 million 4-year unsecured term loan provided by a syndicate of lenders maturing on May 4, 2022 and one \$625 million 5-year unsecured term loan provided by a syndicate of lenders maturing on May 4, 2023. On June 11, 2019, Choice Properties repaid in full the \$175 million unsecured term loan maturing on May 4, 2022 and repaid \$225 million of the unsecured term loan maturing on May 4, 2023, using a portion of the net proceeds from the issuance of the Series M senior unsecured debentures. The term loan bears interest at variable rates of either Prime plus 0.45% or Bankers' Acceptance rate plus 1.45%. The pricing of the term loan is contingent on Choice Properties' credit ratings from DBRS and S&P remaining at "BBB".

**Guaranteed Investment Certificates ("GICs")** The following table summarizes PC Bank's GICs activity, before commissions, for the periods ended as indicated:

(\$ millions)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018	Jun. 15, 2019	Jun. 16, 2018
Balance, beginning of period	\$ 1,121	\$ 840	\$ 1,141	\$ 852
GICs issued	181	151	184	152
GICs matured	(77)	(41)	(100)	(54)
Balance, end of period	\$ 1,225	\$ 950	\$ 1,225	\$ 950

**Independent Funding Trusts** Loblaw provides credit enhancement in the form of a standby letter of credit for the benefit of the independent funding trusts in the amount of \$64 million (June 16, 2018 and December 31, 2018 – \$64 million), representing not less than 10% (June 16, 2018 and December 31, 2018 – not less than 10%) of the principal amount of loans outstanding.

During the second quarter of 2019, Loblaw renewed the revolving committed credit facility relating to the independent funding trusts until May 27, 2022.

**Committed Credit Facilities** The components of the committed lines of credit available were as follows:

(\$ millions)	Maturity Date	Jun. 15, 2019		As at			
		Available Credit	Drawn	Jun. 16, 2018		Dec. 31, 2018	
				Available Credit	Drawn	Available Credit	Drawn
Loblaw committed credit facility	June 10, 2021	\$ 1,000	\$ —	\$ 1,000	\$ —	\$ 1,000	\$ —
Choice Properties committed syndicated credit facility	May 4, 2023	1,500	16	1,500	182	1,500	325
<b>Total committed lines of credit</b>		<b>\$ 2,500</b>	<b>\$ 16</b>	<b>\$ 2,500</b>	<b>\$ 182</b>	<b>\$ 2,500</b>	<b>\$ 325</b>

**Long Term Debt Due within One Year** The components of long term debt due within one year were as follows:

(\$ millions)	As at		
	Jun. 15, 2019	Jun. 16, 2018	Dec. 31, 2018
Debentures	\$ 600	\$ 925	\$ 300
Unsecured term loan facilities	—	298	—
GICs	324	242	274
Independent securitization trust	—	400	—
Independent funding trusts	—	549	536
Finance lease obligations	—	39	37
Long term debt secured by mortgage	116	170	182
Construction loans	24	—	14
<b>Long term debt due within one year</b>	<b>\$ 1,064</b>	<b>\$ 2,623</b>	<b>\$ 1,343</b>

## Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

**Reconciliation of Long Term Debt** The following table reconciles the changes in cash flows from financing activities for long term debt in the periods ended as indicated:

(\$ millions)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018 <sup>(i)</sup>	Jun. 15, 2019	Jun. 16, 2018
Total long term debt, beginning of period	\$ 14,871	\$ 13,418	\$ 15,318	\$ 12,092
Reclassification of Finance Lease Obligations due to IFRS 16 (note 2)	—	—	(535)	—
Long term debt after reclassification, beginning of period	14,871	13,418	14,783	12,092
Long term debt assumed on acquisition of CREIT (note 4)	—	1,840	—	1,840
Long term debt issuances <sup>(ii)(iii)</sup>	737	888	872	2,905
Long term debt repayments <sup>(ii)</sup>	(794)	(624)	(842)	(1,314)
Total cash flow from long term debt financing activities	(57)	264	30	1,591
Finance lease addition	—	7	—	7
Other non-cash changes	2	12	3	11
Total non-cash long term debt activities	2	19	3	18
Total long term debt, end of period	\$ 14,816	\$ 15,541	\$ 14,816	\$ 15,541

(i) Certain comparative figures have been restated to conform with current year presentation.

(ii) Includes net issuances or repayments from Choice Properties' credit facilities depending on the activity in the period.

(iii) Includes net repayments from the Independent Funding Trust, which are revolving debt instruments.

## Note 15. Other Liabilities

The components of other liabilities were as follows:

(\$ millions)	Jun. 15, 2019	As at	
		Jun. 16, 2018	Dec. 31, 2018
Net defined benefit plan obligation (note 18)	\$ 397	\$ 376	\$ 347
Other long term employee benefit obligation	112	113	115
Deferred lease obligation <sup>(i)</sup>	—	144	148
Fair value of acquired leases <sup>(i)</sup>	—	60	54
Share-based compensation liability (note 19)	14	5	6
Other <sup>(i)</sup>	38	30	21
<b>Other liabilities</b>	<b>\$ 561</b>	<b>\$ 728</b>	<b>\$ 691</b>

(i) Certain balances were impacted as a result of the implementation of IFRS 16 (note 2).

## Note 16. Share Capital

**Common Share Capital** The following table summarizes the activity in the Company's common shares issued and outstanding for the periods ended as indicated:

(\$ millions except where otherwise indicated)	12 Weeks Ended				24 Weeks Ended			
	Jun. 15, 2019		Jun. 16, 2018		Jun. 15, 2019		Jun. 16, 2018	
	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital
Issued and outstanding, beginning of period	153,520,982	\$ 2,778	127,956,198	\$ 226	153,370,108	\$ 2,766	127,905,581	\$ 221
Issued for settlement of stock options (note 19)	47,906	4	48,053	4	200,405	16	100,298	9
Purchased and cancelled	—	—	—	—	(1,625)	—	(1,628)	—
Issued and outstanding, end of period	153,568,888	\$ 2,782	128,004,251	\$ 230	153,568,888	\$ 2,782	128,004,251	\$ 230
Shares held in trusts, beginning of period	(85,929)	1	(134,128)	—	(120,305)	—	(228,803)	—
Purchased for future settlement of RSUs and PSUs	—	—	—	—	(50,000)	(1)	—	—
Released for settlement of RSUs and PSUs (note 19)	4,353	—	4,332	—	88,729	2	99,007	—
Shares held in trusts, end of period	(81,576)	1	(129,796)	—	(81,576)	1	(129,796)	—
Issued and outstanding net of shares held in trusts, end of period	153,487,312	\$ 2,783	127,874,455	\$ 230	153,487,312	\$ 2,783	127,874,455	\$ 230
Weighted average outstanding, net of shares held in trusts (note 7)	153,462,096		127,838,376		153,370,552		127,776,173	

## Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

**Normal Course Issuer Bid (“NCIB”) Program** The following table summarizes the activity under its NCIB program:

(\$ millions except where otherwise indicated)	24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018
Purchased for future settlement of RSUs and PSUs (number of shares)	<b>50,000</b>	—
Purchased and cancelled (number of shares)	—	(1,628)
Cash consideration paid	\$ (5)	\$ —
Premium charged to retained earnings	\$ 5	\$ —

There was no NCIB activity under its NCIB program in the second quarter of 2019 and 2018.

In the second quarter of 2019, GWL renewed its NCIB program to purchase on the Toronto Stock Exchange (“TSX”) or through alternative trading systems up to 7,676,458 of its common shares, representing approximately 5% of issued and outstanding common shares. In accordance with the rules of the TSX, the Company may purchase its common shares from time to time at the then market price of such shares. As of June 15, 2019, the Company did not purchase any common shares under its current NCIB program.

**Dividends** The following table summarizes the Company’s cash dividends declared for the periods ended as indicated:

(\$)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018	Jun. 15, 2019	Jun. 16, 2018
Dividends declared per share <sup>(i)</sup> :				
Common share	\$ 0.525	\$ 0.490	\$ 1.040	\$ 0.945
Preferred share:				
Series I	\$ 0.3625	\$ 0.3625	\$ 0.7250	\$ 0.7250
Series III	\$ 0.3250	\$ 0.3250	\$ 0.6500	\$ 0.6500
Series IV	\$ 0.3250	\$ 0.3250	\$ 0.6500	\$ 0.6500
Series V	\$ 0.296875	\$ 0.296875	\$ 0.593750	\$ 0.593750

(i) Dividends declared on common shares and Preferred Shares, Series III, Series IV and Series V were paid on July 1, 2019. Dividends declared on Preferred Shares, Series I were paid on June 15, 2019.

## Note 17. Loblaw Capital Transactions

**Loblaw Preferred Shares** As at the end of the second quarter of 2019, the Second Preferred Shares, Series B in the amount of \$221 million net of \$4 million of after-tax issuance costs and related cash dividends, were presented as a component of non-controlling interests in the Company's condensed consolidated balance sheet. In the second quarter of 2019 and year-to-date, Loblaw declared dividends of \$3 million (2018 – \$3 million) and \$6 million (2018 – \$6 million), respectively, related to the Second Preferred Shares, Series B.

**Loblaw Common Shares** The following table summarizes Loblaw's common share activity under its share-based compensation arrangements and NCIB program, and includes the impact on the Company's condensed consolidated financial statements for the periods ended as indicated:

(\$ millions except where otherwise indicated)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018	Jun. 15, 2019	Jun. 16, 2018
Issued (number of shares)	<b>640,699</b>	137,804	<b>1,795,669</b>	1,464,079
Purchased and held in trusts (number of shares)	—	—	<b>(300,000)</b>	—
Purchased and cancelled (number of shares)	<b>(3,611,170)</b>	(4,559,682)	<b>(7,006,927)</b>	(12,666,709)
	<b>(2,970,471)</b>	(4,421,878)	<b>(5,511,258)</b>	(11,202,630)
Cash consideration received (paid)				
Share-based compensation	\$ 26	\$ 4	\$ 55	\$ 38
Purchased and held in trusts	—	—	<b>(20)</b>	—
Purchased and cancelled	<b>(250)</b>	(300)	<b>(465)</b>	(844)
	\$ <b>(224)</b>	\$ (296)	\$ <b>(430)</b>	\$ (806)
Increase (decrease) in contributed surplus				
Share-based compensation	\$ 8	\$ 2	\$ 19	\$ 14
Purchased and held in trusts	—	—	<b>(5)</b>	—
Purchased and cancelled	<b>(72)</b>	(74)	<b>(36)</b>	(210)
	\$ <b>(64)</b>	\$ (72)	\$ <b>(22)</b>	\$ (196)

## Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

### Note 18. Post-Employment and Other Long Term Employee Benefits

The costs and actuarial gains (losses) related to the Company's post-employment and other long term employee benefits were as follows:

(\$ millions)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018	Jun. 15, 2019	Jun. 16, 2018
Post-employment benefit costs recognized in operating income <sup>(i)</sup>	\$ 36	\$ 37	\$ 89	\$ 78
Other long term employee benefit costs recognized in operating income <sup>(ii)</sup>	9	8	14	12
Net interest on net defined benefit obligation included in net interest expense and other financing charges (note 5)	2	4	4	6
Actuarial gains (losses) before income taxes recognized in other comprehensive income	27	44	(76)	18

(i) Includes costs related to the Company's defined benefit plans, defined contribution pension plans and the multi-employer pension plans in which it participates. Also includes settlement charges in the second quarter of 2019 of nil (2018 - \$1 million) and year-to-date of 2019 of \$10 million (2018 - \$1 million).

(ii) Includes costs related to the Company's long term disability plans.

The actuarial gains recognized in the second quarter of 2019 were primarily driven by higher than expected returns on assets, partially offset by a decline in discount rates. The actuarial losses recognized in the year-to-date of 2019 were primarily driven by a decline in discount rates. The actuarial gains recognized in the second quarter of 2018 and year-to-date were primarily driven by higher than expected returns on assets.

In the first quarter of 2019, Loblaw completed several annuity purchases and paid \$187 million from the impacted plans' assets to settle \$177 million of pension obligations and recorded settlement charges of \$10 million in SG&A.

### Note 19. Share-Based Compensation

The Company's share-based compensation arrangements include stock option plans, restricted share unit ("RSU") plans, performance share unit ("PSU") plans, director deferred share unit plans, executive deferred share unit plans and Choice Properties' unit-based compensation plans. The Company's costs recognized in SG&A related to its share-based compensation arrangements for the second quarter of 2019 and year-to-date were \$13 million (2018 - \$16 million) and \$35 million (2018 - \$26 million), respectively.

The following is the carrying amount of the Company's share-based compensation arrangements:

(\$ millions)	Jun. 15, 2019	As at	
		Jun. 16, 2018	Dec. 31, 2018
Trade payables and other liabilities	\$ 2	\$ 9	\$ 7
Other liabilities (note 15)	14	5	6
Contributed surplus	108	116	123

Details related to the share-based compensation plans of GWL and Loblaw are as follows:

**Stock Option Plans** The following is a summary of GWL's stock option plan activity:

(number of options)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018	Jun. 15, 2019	Jun. 16, 2018
Outstanding options, beginning of period	<b>1,739,847</b>	1,643,846	<b>1,548,044</b>	1,527,125
Granted	—	—	<b>427,523</b>	234,517
Exercised	<b>(47,906)</b>	(48,053)	<b>(200,405)</b>	(100,298)
Forfeited/cancelled	<b>(34,315)</b>	(2,327)	<b>(37,279)</b>	(67,878)
Expired	—	(644)	<b>(80,257)</b>	(644)
Outstanding options, end of period	<b>1,657,626</b>	1,592,822	<b>1,657,626</b>	1,592,822

In the second quarter of 2019, GWL issued common shares on the exercise of stock options with a weighted average share price of \$100.66 (2018 – \$104.20), and received \$4 million (2018 – \$4 million) of cash consideration. In the year-to-date of 2019, GWL issued common shares on the exercise of stock options with a weighted average share price of \$95.27 (2018 – \$105.55), and received \$14 million (2018 – \$8 million).

There were no stock options granted in the second quarter of 2019 and 2018.

Estimated forfeiture rates are incorporated into the measurement of stock option plan expense. The forfeiture rate applied as at the end of the second quarter of 2019 was 0.8% (2018 – 0.7%).

The following is a summary of Loblaw's stock option plan activity:

(number of options)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018	Jun. 15, 2019	Jun. 16, 2018
Outstanding options, beginning of period	<b>8,205,716</b>	8,118,042	<b>7,509,631</b>	7,487,774
Granted	<b>78,438</b>	11,658	<b>1,540,321</b>	1,635,793
Exercised	<b>(619,566)</b>	(93,896)	<b>(1,316,397)</b>	(954,918)
Forfeited/cancelled	<b>(240,178)</b>	(117,955)	<b>(309,145)</b>	(250,800)
Outstanding options, end of period	<b>7,424,410</b>	7,917,849	<b>7,424,410</b>	7,917,849

In the second quarter of 2019, Loblaw issued common shares on the exercise of stock options with a weighted average share price of \$69.49 (2018 – \$65.91) per common share and received cash consideration of \$26 million (2018 – \$4 million). In the year-to-date of 2019, Loblaw issued common shares on the exercise of stock options with a weighted average share price of \$67.74 (2018 – \$66.20) per common share and received cash consideration of \$55 million (2018 – \$38 million).

In the second quarter of 2019, Loblaw granted stock options with a weighted average exercise price of \$67.22 (2018 – \$65.59) per common share and a \$1 million fair value (2018 – nominal). The assumptions used to measure the grant date fair value of the Loblaw options granted during the periods ended as indicated under the Black-Scholes stock option valuation model were as follows:

	12 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018
Expected dividend yield	<b>1.9%</b>	1.8%
Expected share price volatility	<b>14.7% - 15.3%</b>	15.3% - 17.2%
Risk-free interest rate	<b>1.6%</b>	2.1% - 2.2%
Expected life of options	<b>3.5 - 5.3 years</b>	3.9 - 6.3 years

## Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Estimated forfeiture rates are incorporated into the measurement of stock option plan expense. The forfeiture rate applied as at the end of the second quarter of 2019 was 9.0% (2018 – 8.0%).

**Restricted Share Unit Plans** The following is a summary of GWL's RSU plan activity:

(number of awards)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018	Jun. 15, 2019	Jun. 16, 2018
Outstanding RSUs, beginning of period	<b>143,891</b>	187,554	<b>166,034</b>	183,960
Granted	<b>5,070</b>	798	<b>34,293</b>	61,152
Reinvested	<b>735</b>	499	<b>1,386</b>	737
Settled	<b>(3,748)</b>	(5,893)	<b>(49,377)</b>	(56,145)
Forfeited	<b>(3,034)</b>	(449)	<b>(9,422)</b>	(7,195)
Outstanding RSUs, end of period	<b>142,914</b>	182,509	<b>142,914</b>	182,509

In the second quarter of 2019, the fair value of GWL's granted RSUs was nominal (2018 – nominal). In the year-to-date of 2019, the fair value of GWL's RSUs was \$3 million (2018 – \$6 million).

The following is a summary of Loblaw's RSU plan activity:

(number of awards)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018	Jun. 15, 2019	Jun. 16, 2018
Outstanding RSUs, beginning of period	<b>1,046,883</b>	890,926	<b>1,024,275</b>	824,705
Granted	<b>54,743</b>	23,517	<b>305,372</b>	300,086
Reinvested	<b>4,506</b>	2,488	<b>8,221</b>	2,488
Settled	<b>(16,680)</b>	(20,291)	<b>(240,151)</b>	(219,768)
Forfeited	<b>(65,066)</b>	(8,936)	<b>(73,331)</b>	(19,807)
Outstanding RSUs, end of period	<b>1,024,386</b>	887,704	<b>1,024,386</b>	887,704

In the second quarter of 2019, the fair value of Loblaw's granted RSUs was \$4 million (2018 – \$2 million). In the year-to-date of 2019, the fair value of Loblaw's granted RSUs was \$20 million (2018 – \$20 million).

**Performance Share Unit Plans** The following is a summary of GWL's PSU plan activity:

(number of awards)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018	Jun. 15, 2019	Jun. 16, 2018
Outstanding PSUs, beginning of period	<b>116,280</b>	89,319	<b>89,656</b>	100,263
Granted	—	45	<b>69,951</b>	36,766
Reinvested	<b>629</b>	236	<b>940</b>	340
Settled	<b>(1,079)</b>	(250)	<b>(39,826)</b>	(44,673)
Forfeited	<b>(1,627)</b>	(183)	<b>(6,518)</b>	(3,529)
Outstanding PSUs, end of period	<b>114,203</b>	89,167	<b>114,203</b>	89,167

There were no PSUs granted in the second quarter of 2019 (the fair value of GWL's granted PSUs in 2018 – nominal). In the year-to-date of 2019, the fair value of GWL's granted PSUs was \$6 million (2018 – \$3 million).

The following is a summary of Loblaw's PSU plan activity:

(number of awards)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018	Jun. 15, 2019	Jun. 16, 2018
Outstanding PSUs, beginning of period	<b>688,568</b>	661,127	<b>674,945</b>	631,528
Granted	<b>11,151</b>	7,384	<b>251,191</b>	309,188
Reinvested	<b>3,068</b>	1,779	<b>5,377</b>	1,779
Settled	<b>(4,453)</b>	(23,617)	<b>(227,919)</b>	(289,393)
Forfeited	<b>(32,707)</b>	(8,270)	<b>(37,967)</b>	(14,699)
Outstanding PSUs, end of period	<b>665,627</b>	638,403	<b>665,627</b>	638,403

In the second quarter of 2019, the fair value of Loblaw's granted PSUs was \$1 million (2018 – nominal). In the year-to-date of 2019, the fair value of Loblaw's granted PSUs was \$15 million (2018 – \$14 million).

**Settlement of Awards from Shares Held in Trusts** The following table summarizes GWL's settlement of RSUs and PSUs from shares held in trusts for the periods ended as indicated:

(number of awards)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018	Jun. 15, 2019	Jun. 16, 2018
Settled	<b>4,827</b>	6,143	<b>89,203</b>	100,818
Released from trusts (note 16)	<b>4,353</b>	4,332	<b>88,729</b>	99,007

The settlement of awards from shares held in trusts in the second quarter of 2019 and year-to-date resulted in increases of \$2 million (2018 – nominal) and \$9 million (2018 – \$9 million) in retained earnings, respectively. In the second quarter of 2019 and year-to-date, there was a nominal increase (2018 – nominal) and \$2 million increase (2018 - nominal) in share capital respectively related to these settlements.

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### Note 20. Financial Instruments

The following table presents the fair values and fair value hierarchy of the Company's financial assets and financial liabilities, excluding those classified as amortized cost that are short term in nature. The carrying values of the Company's financial instruments approximate their fair values except for long term debt.

(\$ millions)	Jun. 15, 2019				As at Jun. 16, 2018				Dec. 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>												
Amortized cost:												
Franchise loans receivable	\$ —	\$ —	\$ 49	\$ 49	\$ —	\$ —	\$ 119	\$ 119	\$ —	\$ —	\$ 78	\$ 78
Certain other assets <sup>(i)</sup>	—	—	105	105	—	—	159	159	—	—	154	154
Fair value through other comprehensive income:												
Certain long term investments and other assets <sup>(i)</sup>	60	44	—	104	60	19	—	79	50	20	—	70
Derivatives included in prepaid expenses and other assets	—	—	—	—	—	3	—	3	—	2	—	2
Fair value through profit and loss:												
Security deposits	78	—	—	78	82	2	—	84	87	—	—	87
Certain other assets <sup>(i)</sup>	—	—	114	114	—	—	93	93	—	—	76	76
Derivatives included in accounts receivable	1	2	—	3	(1)	3	—	2	(2)	7	—	5
Derivatives included in prepaid expenses and other assets	1	4	—	5	7	7	—	14	2	11	—	13
Derivatives included in other assets	—	495	—	495	—	475	—	475	—	556	—	556
<b>Financial liabilities</b>												
Amortized cost:												
Long term debt	—	15,893	—	15,893	—	16,519	—	16,519	—	16,012	—	16,012
Certain other liabilities <sup>(i)</sup>	—	—	12	12	—	—	17	17	—	—	13	13
Fair value through other comprehensive income:												
Derivatives included in trade payables and other liabilities	—	19	—	19	—	4	—	4	—	7	—	7
Fair value through profit and loss:												
Trust Unit liability	3,607	—	—	3,607	2,790	—	—	2,790	2,658	—	—	2,658
Derivatives included in trade payables and other liabilities	4	2	—	6	—	—	2	2	11	—	3	14

(i) Certain other assets, certain long term investments and other assets, and certain other liabilities are included in the condensed consolidated balance sheets in other assets and other liabilities, respectively.

There were no transfers between the levels of the fair value hierarchy during the periods presented.

During the second quarter of 2019 and year-to-date, a net loss of \$47 million (2018 – \$189 million) and \$664 million (2018 – \$52 million), respectively, was recognized in earnings before income taxes on financial instruments classified as fair value through profit or loss. This amount was primarily related to the fair value loss of the Trust Unit liability and forward sale agreement for 9.6 million Loblaw common shares.

**Cash and Cash Equivalents, Short Term Investments and Security Deposits** As at the end of the second quarter of 2019, the Company had cash and cash equivalents, short term investments and security deposits of \$2,214 million (June 16, 2018 – \$2,410 million; December 31, 2018 – \$1,889 million), including U.S. dollars of \$76 million (June 16, 2018 – U.S. \$472 million; December 31, 2018 – U.S. \$161 million) that was held primarily by Dunedin Holdings GmbH, a subsidiary of GWL, and certain of its affiliates (note 8).

In the second quarter of 2019 and year-to-date, a loss of \$2 million (2018 – gain of \$28 million) and a loss of \$18 million (2018 – gain of \$50 million), respectively, was recognized in other comprehensive income related to the effect of foreign currency translation on the Company's U.S. net investment in foreign operations.

In addition, in the second quarter of 2019 and year-to-date, a nominal loss (2018 – gain of \$9 million) and a loss of \$1 million (2018 – gain of \$23 million), respectively, was recorded in operating income related to the effect of foreign currency translation on a portion of the U.S. dollar denominated cash and cash equivalents and short term investments held by foreign operations that have the same functional currency as that of the Company.

**Franchise Loans Receivable and Franchise Investments in Other Assets** As at the end of the second quarter of 2019, the value of Loblaw franchise loans receivable of \$49 million (June 16, 2018 – \$119 million; December 31, 2018 – \$78 million) was recorded in the condensed consolidated balance sheets. In the second quarter of 2019 and year-to-date, Loblaw recorded a gain of \$1 million (2018 – \$1 million) and \$1 million (2018 – \$2 million) in operating income related to these loans receivable.

As at the end of the second quarter of 2019, the value of Loblaw franchise investments was \$9 million (June 16, 2018 and December 31, 2018 – \$14 million) and was recorded in other assets. In the second quarter of 2019 and year-to-date, Loblaw recorded a gain of \$1 million (2018 – nominal gain) and \$1 million (2018 – \$1 million) in operating income related to these investments.

**Embedded Derivatives** The Level 3 financial instruments classified as fair value through profit or loss consist of Loblaw's embedded derivatives on purchase orders placed in neither Canadian dollars, nor the functional currency of the vendor. These derivatives are valued using a market approach based on the differential in exchange rates and timing of settlement. The significant unobservable input used in the fair value measurement is the cost of purchase orders. Significant increases (decreases) in any one of the inputs would result in a significantly higher (lower) fair value measurement.

In the second quarter of 2019 and year-to-date, a gain of \$1 million (2018 – \$1 million) and a gain of \$3 million (2018 – loss of \$4 million), respectively, was recognized in operating income related to these derivatives. In addition, a corresponding nominal liability was included in trade payables and other liabilities as at June 15, 2019 (June 16, 2018 – \$2 million; December 31, 2018 – \$3 million). As at June 15, 2019, 1% increase (decrease) in foreign currency exchange rates would result in a gain (loss) of \$1 million in fair value.

**Equity Derivative Contracts** As at the end of the second quarter of 2019, Weston Holdings Limited, a subsidiary of GWL, held an outstanding equity forward sale agreement based on 9.6 million Loblaw common shares at an original forward price of \$48.50 per Loblaw common share. As at the end of the second quarter of 2019, the forward price had increased to \$120.84 (June 16, 2018 – \$115.70; December 31, 2018 – \$118.42) per Loblaw common share under the terms of the agreement. In the second quarter of 2019 and year-to-date, a fair value loss of \$41 million (2018 – \$23 million) and a fair value loss of \$84 million (2018 – gain of \$19 million) was recorded in net interest expense and other financing charges related to this agreement (note 5).

**Trust Unit Liability** In the second quarter of 2019 and year-to-date, a fair value loss of \$2 million (2018 – \$180 million) and a fair value loss of \$584 million (2018 – \$99 million), respectively, was recognized in net interest expense and other financing charges (note 5).

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**Other Derivatives** The Company uses bond forwards and interest rate swaps to manage its anticipated exposure to fluctuations in interest rates on future debt issuances. The Company also uses futures, options and forward contracts to manage its anticipated exposure to fluctuations in commodity prices and exchange rates in its underlying operations. The following is a summary of the fair values recognized in the condensed consolidated balance sheets and the net realized and unrealized gains (losses) before income taxes related to the Company's other derivatives for the periods ended as indicated:

(\$ millions)	Jun. 15, 2019					
	As at		12 Weeks Ended		24 Weeks Ended	
	Net asset/ (liability) fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income	
<b>Derivatives designated as cash flow hedges</b>						
Foreign Exchange Currency Risk - Foreign Exchange Forwards <sup>(i)</sup>	\$ —	\$ (1)	\$ —	\$ (1)	\$ —	
Interest Rate Risk - Bond Forwards <sup>(ii)</sup>	(11)	(2)	—	(8)	—	
Interest Rate Risk - Interest Rate Swaps <sup>(iii)</sup>	(8)	(1)	—	(6)	—	
<b>Total derivatives designated as cash flow hedges</b>	<b>\$ (19)</b>	<b>\$ (4)</b>	<b>\$ —</b>	<b>\$ (15)</b>	<b>\$ —</b>	
<b>Derivatives not designated in a formal hedging relationship</b>						
Foreign Exchange and Other Forwards	\$ 4	\$ —	\$ (3)	\$ —	\$ (6)	
Other Non-Financial Derivatives	(3)	—	(2)	—	7	
<b>Total derivatives not designated in a formal hedging relationship</b>	<b>\$ 1</b>	<b>\$ —</b>	<b>\$ (5)</b>	<b>\$ —</b>	<b>\$ 1</b>	
<b>Total derivatives</b>	<b>\$ (18)</b>	<b>\$ (4)</b>	<b>\$ (5)</b>	<b>\$ (15)</b>	<b>\$ 1</b>	

- (i) PC Bank uses foreign exchange forwards, with a notional value of \$5 million USD, to manage its foreign exchange currency risk related to certain U.S. payables. The fair value of the derivatives is included in prepaid and other assets.
- (ii) PC Bank uses bond forwards, with a notional value of \$389 million, to manage its interest risk related to future debt issuances. The fair value of the derivatives is included in trade payables and liabilities.
- (iii) PC Bank uses interest rate swaps, with a notional value of \$300 million, to manage its interest risk related to future debt issuances. The fair value of the derivatives is included in trade payables and liabilities. Choice Properties uses interest rate swaps, with a notional value of \$277 million, to manage its interest rate risk related to variable rate mortgages. The fair value of the derivatives is included in other assets and other liabilities.

(\$ millions)	Jun. 16, 2018					
	As at		12 Weeks Ended		24 Weeks Ended	
	Net asset/ (liability) fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income	
<b>Derivatives designated as cash flow hedges<sup>(i)</sup></b>						
Foreign Exchange Currency Risk - Foreign Exchange Forwards <sup>(ii)</sup>	\$ 1	\$ 1	\$ —	\$ 2	\$ —	
Interest Rate Risk - Bond Forwards <sup>(iii)</sup>	(1)	1	—	(1)	—	
Interest Rate Risk - Interest Rate Swaps <sup>(iv)</sup>	(1)	—	—	—	—	
<b>Total derivatives designated as cash flow hedges</b>	<b>\$ (1)</b>	<b>\$ 2</b>	<b>\$ —</b>	<b>\$ 1</b>	<b>\$ —</b>	
<b>Derivatives not designated in a formal hedging relationship</b>						
Foreign Exchange and Other Forwards	\$ 10	\$ —	\$ 10	\$ —	\$ 25	
Other Non-Financial Derivatives	1	—	2	—	6	
<b>Total derivatives not designated in a formal hedging relationship</b>	<b>\$ 11</b>	<b>\$ —</b>	<b>\$ 12</b>	<b>\$ —</b>	<b>\$ 31</b>	
<b>Total derivatives</b>	<b>\$ 10</b>	<b>\$ 2</b>	<b>\$ 12</b>	<b>\$ 1</b>	<b>\$ 31</b>	

- (i) Includes interest rate swap agreements with a notional value of \$100 million that matured during the first quarter of 2018. A nominal unrealized fair value loss was recorded in OCI relating to these agreements.
- (ii) PC Bank uses foreign exchange forwards, with notional value of \$22 million USD, to manage its foreign exchange currency risk related to certain U.S. payables. The fair value of the derivatives is included in prepaid and other assets.
- (iii) PC Bank uses bond forwards, with a notional value of \$328 million, which were entered into during the first quarter of 2018, to manage its interest risk related to future debt issuances. The fair value of derivatives is included in trade payables and liabilities.
- (iv) Choice Properties uses interest rate swaps, with a notional value of \$322 million, which were assumed during the second quarter of 2018 in connection with the acquisition of CREIT, to manage its interest rate risk related to variable rate mortgages. The fair value of the derivatives is included in other assets and other liabilities.

## Note 21. Contingent Liabilities

In the ordinary course of business, the Company is involved in and potentially subject to legal actions and proceedings. In addition, the Company is subject to tax audits from various tax authorities on an ongoing basis. As a result, from time to time, tax authorities may disagree with the positions and conclusions taken by the Company in its tax filings or legislation could be amended or interpretations of current legislation could change, any of which events could lead to reassessments.

There are a number of uncertainties involved in such matters, individually or in aggregate, and as such, there is a possibility that the ultimate resolution of these matters may result in a material adverse effect on the Company's reputation, operations, financial condition or performance in future periods. It is not currently possible to predict the outcome of the Company's legal actions and proceedings with certainty. Management regularly assesses its position on the adequacy of accruals or provisions related to such matters and will make any necessary adjustments.

The following is a description of the Company's significant legal proceedings:

On August 26, 2015, the Company was served with a proposed class action, which was commenced in the Ontario Superior Court of Justice ("Superior Court") against the Company, Loblaw and certain of its subsidiaries and others in connection with the collapse of the Rana Plaza complex in Dhaka, Bangladesh in 2013. The claim seeks approximately \$2 billion in damages. The Company believes this proceeding is without merit and is vigorously defending it. The Company does not currently have any significant accruals or provisions for this matter recorded in the interim period condensed consolidated financial statements. In July 2017, the Superior Court dismissed the action and the plaintiffs appealed. The decision of the Ontario Court of Appeal, released December 20, 2018, upheld the Superior Court's dismissal of the action. The plaintiffs have sought leave to appeal to the Supreme Court of Canada.

Shoppers Drug Mart has been served with an Amended Statement of Claim in a class action proceeding that has been filed in the Superior Court by two licensed Associates, claiming various declarations and damages resulting from Shoppers Drug Mart's alleged breaches of the Associate Agreement, in the amount of \$500 million. The class action comprises all of Shoppers Drug Mart's current and former licensed Associates residing in Canada, other than in Québec, who are parties to Shoppers Drug Mart's 2002 and 2010 forms of the Associate Agreement. On July 9, 2013, the Superior Court certified as a class proceeding portions of the action. The Superior Court imposed a class closing date based on the date of certification. New Associates after July 9, 2013 are not members of the class. Loblaw believes this claim is without merit and is vigorously defending it. Loblaw does not currently have any significant accruals or provisions for this matter recorded in the interim period condensed consolidated financial statements.

In 2017, the Company and Loblaw announced actions taken to address their role in an industry-wide price-fixing arrangement involving certain packaged bread products. The arrangement involved the coordination of retail and wholesale prices of certain packaged bread products over a period extending from late 2001 to March 2015. Under the arrangement, the participants regularly increased prices on a coordinated basis. Class action lawsuits have been commenced against the Company and Loblaw as well as a number of other major grocery retailers and another bread wholesaler. It is too early to predict the outcome of such legal proceedings. Neither the Company nor Loblaw believes that the ultimate resolution of such legal proceedings will have a material adverse impact on its financial condition or prospects. The Company's cash balances far exceed any realistic damages scenario and therefore it does not anticipate any impacts on its dividend, dividend policy or share buyback plan. The Company has not recorded any amounts related to the potential civil liability associated with the class action lawsuits in 2019 on the basis that a reliable estimate of the liability cannot be determined at this time. The Company will continue to assess whether a provision for civil liability associated with the class action lawsuits can be reliably estimated and will record an amount in the period at the earlier of when a reliable estimate of liability can be determined or the matter is ultimately resolved. As a result of admission of participation in the arrangement and cooperation in the Competition Bureau's investigation, the Company and Loblaw will not face criminal charges or penalties.

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In August 2018, the Province of British Columbia filed a class action against numerous opioid manufacturers and distributors, including Loblaw and its subsidiaries, Shoppers Drug Mart Inc. and Sanis Health Inc. The claim contains allegations of breach of the Competition Act, fraudulent misrepresentation and deceit and negligence, and seeks damages (unquantified) for the expenses incurred by the province in paying for opioid prescriptions and other healthcare costs related to opioid addiction and abuse in British Columbia. In May 2019, two further opioid-related class actions were commenced in each of Ontario and Quebec against a large group of defendants, including Sanis Health Inc. The allegations in the Ontario and Quebec class actions are similar to the allegations against manufacturer defendants in the Province of British Columbia class action, except that these May 2019 claims seek recovery of damages on behalf of opioid users directly. Loblaw believes these proceedings are without merit and is vigorously defending them. Loblaw does not currently have any significant accruals or provisions for these matters recorded in the interim period condensed consolidated financial statements.

**Indemnification Provisions** The Company from time to time enters into agreements in the normal course of its business, such as service and outsourcing arrangements, lease agreements in connection with business or asset acquisitions or dispositions, and other types of commercial agreements. These agreements by their nature may provide for indemnification of counterparties. These indemnification provisions may be in connection with breaches of representations and warranties or in respect of future claims for certain liabilities, including liabilities related to tax and environmental matters. The terms of these indemnification provisions vary in duration and may extend for an unlimited period of time. In addition, the terms of these indemnification provisions vary in amount and certain indemnification provisions do not provide for a maximum potential indemnification amount. Indemnity amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. As a result, the Company is unable to reasonably estimate its total maximum potential liability in respect of indemnification provisions. Historically, the Company has not made any significant payments in connection with these indemnification provisions.

## Note 22. Segment Information

The Company has three reportable operating segments: Weston Foods, Loblaw and Choice Properties. Other and Intersegment includes eliminations, intersegment adjustments related to the consolidation of Choice Properties, cash and short term investments held by the Company, and all other company level activities that are not allocated to the reportable operating segments, as further illustrated below.

The accounting policies of the reportable segments are the same as those described herein and in the Company's 2018 audited annual consolidated financial statements. The Company measures each reportable operating segment's performance based on adjusted EBITDA<sup>(ii)</sup> and adjusted operating income<sup>(ii)</sup>. No reportable operating segment is reliant on any single external customer.

(\$ millions)	12 Weeks Ended					Jun. 16, 2018				
	Jun. 15, 2019									
	Weston Foods	Loblaw	Choice Properties	Other and Intersegment	Total	Weston Foods <sup>(i)</sup>	Loblaw <sup>(i)</sup>	Choice Properties	Other and Intersegment <sup>(i)</sup>	Total
<b>Revenue</b>	\$ 479	\$ 11,133	\$ 324	\$ (333)	\$ 11,603	\$ 468	\$ 10,821	\$ 295	\$ (339)	\$ 11,245
Operating income	\$ 12	\$ 586	\$ 226	\$ (54)	\$ 770	\$ 20	\$ 508	\$ 34	\$ 27	\$ 589
Net interest expense and other financing charges	—	175	(13)	146	308	—	88	355	(58)	385
<b>Earnings before income tax</b>	\$ 12	\$ 411	\$ 239	\$ (200)	\$ 462	\$ 20	\$ 420	\$ (321)	\$ 85	\$ 204
<b>Operating income</b>	\$ 12	\$ 586	\$ 226	\$ (54)	\$ 770	\$ 20	\$ 508	\$ 34	\$ 27	\$ 589
Depreciation and amortization	35	580	1	(82)	534	28	341	—	31	400
Adjusting items <sup>(iii)</sup>	2	7	6	(6)	9	(1)	(11)	177	(81)	84
Adjusted EBITDA <sup>(ii)</sup>	\$ 49	\$ 1,173	\$ 233	\$ (142)	\$ 1,313	\$ 47	\$ 838	\$ 211	\$ (23)	\$ 1,073
Depreciation and amortization <sup>(iii)</sup>	33	464	1	(82)	416	28	222	—	31	281
Adjusted operating income <sup>(ii)</sup>	\$ 16	\$ 709	\$ 232	\$ (60)	\$ 897	\$ 19	\$ 616	\$ 211	\$ (54)	\$ 792

(i) Certain comparative figures have been restated to conform with current year presentation.

(ii) Certain items are excluded from operating income to derive adjusted EBITDA<sup>(1)</sup>. Adjusted EBITDA<sup>(1)</sup> is used internally by management when analyzing segment underlying operating performance.

(iii) Excludes \$116 million (2018 – \$119 million) of amortization of intangible assets acquired with Shoppers Drug Mart, recorded by Loblaw and \$2 million (2018 – nil) of accelerated depreciation recorded by Weston Foods, related to restructuring and other related costs.

## Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

(\$ millions)	24 Weeks Ended					Jun. 16, 2018				
	Jun. 15, 2019									
	Weston Foods	Loblaw	Choice Properties	Other and Intersegment	Total	Weston Foods <sup>(i)</sup>	Loblaw <sup>(i)</sup>	Choice Properties	Other and Intersegment <sup>(i)</sup>	Total
<b>Revenue</b>	<b>\$ 995</b>	<b>\$ 21,792</b>	<b>\$ 647</b>	<b>\$ (658)</b>	<b>\$ 22,776</b>	\$ 985	\$ 21,156	\$ 510	\$ (662)	\$ 21,989
Operating income	\$ 22	\$ 1,035	\$ 449	\$ (150)	\$ 1,356	\$ 31	\$ 882	\$ 212	\$ (34)	\$ 1,091
Net interest expense and other financing charges	—	348	1,112	(280)	1,180	—	177	(94)	320	403
<b>Earnings before income tax</b>	<b>\$ 22</b>	<b>\$ 687</b>	<b>\$ (663)</b>	<b>\$ 130</b>	<b>\$ 176</b>	\$ 31	\$ 705	\$ 306	\$ (354)	\$ 688
<b>Operating income</b>	<b>\$ 22</b>	<b>\$ 1,035</b>	<b>\$ 449</b>	<b>\$ (150)</b>	<b>\$ 1,356</b>	\$ 31	\$ 882	\$ 212	\$ (34)	\$ 1,091
Depreciation and amortization	67	1,160	1	(159)	1,069	59	682	—	59	800
Adjusting items <sup>(iii)</sup>	6	16	13	11	46	2	5	156	(63)	100
Adjusted EBITDA <sup>(iii)</sup>	\$ 95	\$ 2,211	\$ 463	\$ (298)	\$ 2,471	\$ 92	\$ 1,569	\$ 368	\$ (38)	\$ 1,991
Depreciation and amortization <sup>(iii)</sup>	65	925	1	(159)	832	55	442	—	59	556
Adjusted operating income <sup>(ii)</sup>	\$ 30	\$ 1,286	\$ 462	\$ (139)	\$ 1,639	\$ 37	\$ 1,127	\$ 368	\$ (97)	\$ 1,435

(i) Certain comparative figures have been restated to conform with current year presentation.

(ii) Certain items are excluded from operating income to derive adjusted EBITDA<sup>(1)</sup>. Adjusted EBITDA<sup>(1)</sup> is used internally by management when analyzing segment underlying operating performance.

(iii) Excludes \$235 million (2018 – \$240 million) of amortization of intangible assets acquired with Shoppers Drug Mart, recorded by Loblaw, and \$2 million (2018 – \$4 million) of accelerated depreciation recorded by Weston Foods, related to restructuring and other related costs.

Other and Intersegment includes the following items:

	12 Weeks Ended					
	Jun. 15, 2019			Jun. 16, 2018 <sup>(i)</sup>		
(\$ millions)	Revenue	Operating Income	Net Interest Expense and Other Financing Charges	Revenue	Operating Income	Net Interest Expense and Other Financing Charges
Elimination of internal lease arrangements	\$ (133)	\$ (44)	\$ (42)	\$ (133)	\$ (12)	\$ —
Elimination of cost recovery	(53)	—	—	(50)	—	—
Elimination of lease surrender	—	—	—	(10)	(10)	—
Loblaw's net gain on sale leaseback of property to Choice Properties	—	—	—	—	(1)	—
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	—	(10)	—	—	(31)	—
Fair value adjustment on investment properties	—	4	—	—	60	—
Fair value adjustment on Choice Properties' Exchangeable Units	—	—	149	—	—	(191)
Fair value adjustment on Trust Unit liability	—	—	2	—	—	180
Unit distributions on Exchangeable Units paid by Choice Properties to GWL and Loblaw	—	—	(72)	—	—	(68)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL and Loblaw	—	—	46	—	—	32
Interest on debt due from Choice Properties to Loblaw and accretion income earned on intercompany Class C Units	—	—	—	—	—	(41)
Intercompany sales	(145)	—	—	(146)	—	—
Foreign currency translation <sup>(ii)</sup>	—	—	—	—	9	—
Fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares	—	—	41	—	—	23
Choice Properties issuance costs	—	—	14	—	—	—
Other	(2)	(4)	8	—	12	7
<b>Total Other and Intersegment</b>	<b>\$ (333)</b>	<b>\$ (54)</b>	<b>\$ 146</b>	<b>\$ (339)</b>	<b>\$ 27</b>	<b>\$ (58)</b>

(i) Certain comparative figures have been restated to conform with current year presentation.

(ii) Represents the effect of foreign currency translation on a portion of the U.S. dollar denominated cash and cash equivalents and short term investments held by foreign operations.

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(\$ millions)	24 Weeks Ended					
	Jun. 15, 2019			Jun. 16, 2018 <sup>(i)</sup>		
	Revenue	Operating Income	Net Interest Expense and Other Financing Charges	Revenue	Operating Income	Net Interest Expense and Other Financing Charges
Elimination of internal lease arrangements	\$ (272)	\$ (98)	\$ (83)	\$ (267)	\$ (23)	\$ —
Elimination of cost recovery	(106)	—	—	(100)	—	—
Elimination of lease surrender	—	—	—	(10)	(10)	—
Loblaw's net gain on sale leaseback of property to Choice Properties	—	(5)	—	—	(1)	—
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	—	(23)	—	—	(59)	—
Fair value adjustment on investment properties	—	(12)	—	—	27	—
Fair value adjustment on Choice Properties' Exchangeable Units	—	—	(842)	—	—	364
Fair value adjustment on Trust Unit liability	—	—	584	—	—	99
Unit distributions on Exchangeable Units paid by Choice Properties to GWL and Loblaw	—	—	(144)	—	—	(127)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL and Loblaw	—	—	89	—	—	40
Interest on debt due from Choice Properties to Loblaw and accretion income earned on intercompany Class C Units	—	—	—	—	—	(53)
Intercompany sales	(280)	—	—	(285)	—	—
Foreign currency translation <sup>(ii)</sup>	—	(1)	—	—	23	—
Fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares	—	—	84	—	—	(19)
Choice Properties issuance costs	—	—	14	—	—	—
Other	—	(11)	18	—	9	16
<b>Total Other and Intersegment</b>	<b>\$ (658)</b>	<b>\$ (150)</b>	<b>\$ (280)</b>	<b>\$ (662)</b>	<b>\$ (34)</b>	<b>\$ 320</b>

(i) Certain comparative figures have been restated to conform with current year presentation.

(ii) Represents the effect of foreign currency translation on a portion of the U.S. dollar denominated cash and cash equivalents and short term investments held by foreign operations.

(\$ millions)	Jun. 15, 2019	As at	
		Jun. 16, 2018 <sup>(i)</sup>	Dec. 31, 2018 <sup>(i)</sup>
<b>Total Assets</b>			
Weston Foods	\$ 3,871	\$ 2,749	\$ 3,001
Loblaw	35,576	33,283	30,228
Choice Properties	15,988	15,505	15,518
Other <sup>(ii)</sup>	362	547	305
Intersegment	(8,823)	(8,603)	(5,238)
Consolidated	\$ 46,974	\$ 43,481	\$ 43,814

(i) Certain comparative figures have been restated to conform with current year presentation.

(ii) Other includes cash and cash equivalents and short term investments held by foreign operations.

(\$ millions)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2019	Jun. 16, 2018 <sup>(i)</sup>	Jun. 15, 2019	Jun. 16, 2018 <sup>(i)</sup>
<b>Additions to Fixed Assets and Intangible Assets</b>				
Weston Foods	\$ 38	\$ 38	\$ 69	\$ 60
Loblaw	209	193	383	356
Choice Properties	50	53	81	112
Consolidated	\$ 297	\$ 284	\$ 533	\$ 528

(i) Certain comparative figures have been restated to conform with current year presentation.